



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of the Disclaimer of)	No. G-02-04
Control in relation to the Acquisition of)	
Federated American Insurance Co.,)	CONSENT ORDER ACCEPTING
National Merit Insurance Co.,)	DISCLAIMER OF CONTROL
Unigard Insurance Company, and)	
Unigard Indemnity Company,)	
Authorized insurance companies)	
)	

TO: Barbara Allan Shickich
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NATURE OF PROCEEDING

The Credit Suisse Group is the ultimate parent of Federated American Insurance Company, National Merit Insurance Company, Unigard Insurance Company and Unigard Indemnity Company, all Washington domestic insurance companies. On or about May 19, 2000 BZ Gruppe Holding Aktiengesellschaft, a Swiss Corporation acquired additional shares of Credit Suisse Group, which resulted in BZ Gruppe holding 10.26% of the voting rights of Credit Suisse Group. On October 24, 2000 BZ Gruppe filed a disclaimer of control with the Insurance Commissioner of the State of Washington.

RCW 48.31B.005 defines control as the power, direct or indirect, of any entity to direct the management and policies of an insurer. That statute creates a presumption of control wherever any entity acquires ten percent or more of the voting power of an insurer. In its disclaimer of control BZ Gruppe stated that it had no intention of exercising control over the Credit Suisse Group. Chapter 48.31B RCW requires certain specific filings and approval by the Commissioner prior to the acquisition of control of a Washington domestic insurer.

FINDINGS OF FACT

Having read the documentary evidence on file the Insurance Commissioner finds as follows:

- (1) On July 12, 2000, an Amendment No. 1 to Form B for 1999 for Federated American Insurance Company, National Merit Insurance Company, Unigard Insurance Company and Unigard Indemnity Company was filed with the Commissioner. The Amendment stated that the BZ Gruppe Holding Aktiengesellschaft, a Swiss Corporation, has acquired 10.26% of the voting rights of Credit Suisse Group, the ultimate parent of these insurance companies.
- (2) On October 24, 2000 the BZ Gruppe Holding filed a Disclaimer of Control with the Commissioner stating that it had no intention of exercising control over the Credit Suisse Group.
- (3) On November 28, 2000, the BZ Gruppe Holding filed a letter with the Commissioner stating that its share of voting rights in the Credit Suisse Group had decreased to 9.49%.
- (4) The acquisition of ten percent or more of the voting stock of the Credit Suisse Group, by the BZ Gruppe Holding, as described in the Disclaimer of Control, is solely for investment purposes and does not evidence an intent to exercise control over a domestic Washington insurer.
- (5) RCW 48.31B.050 provides for penalties for violation of Chapter 48.31B RCW.

CONCLUSIONS OF LAW

- (1) Pursuant to Chapter 48.31B RCW the Insurance Commissioner has jurisdiction to consider the Disclaimer of Control.
- (2) The acquisition of ten percent or more of the voting power Credit Suisse Group, by the BZ Gruppe Holding, as described in the Disclaimer of Control, was solely for investment purposes and not for exercising control of the domestic Washington insurers.
- (3) BZ Gruppe Holding no longer holds ten percent or more of the voting power of Credit Suisse Group, but anticipates acquisition of more than ten percent of the voting power of Credit Suisse Group in the foreseeable future.
- (4) The Disclaimer of Control rebuts the presumption of control raised by RCW 48.31B.005 as to the acquisition which is the subject of the Disclaimer of Control.

- (5) The Disclaimer of Control shall continue to rebut the presumption of control raised by RCW 48.31B.005 provided that BZ Gruppe Holding's ownership of shares of Credit Suisse Group does not exceed thirteen percent (13%) and BZ Gruppe does not exercise control or attempt to exercise control, either directly or indirectly, of Credit Suisse Group.
- (6) By failing to file prior to acquiring in excess of 10%, and by not filing a disclaimer of control between May 19, 2000 and October 24, 2000, BZ Gruppe violated Chapter 48.31B RCW.

ORDER

Consistent with the foregoing Findings of Fact and Conclusions of Law, it is hereby ORDERED:

Evidence of an attempt to exercise control, directly or indirectly, of a domestic Washington insurance company may include, but is not limited to, using related or controlled entities of whatever organizational form to acquire an interest in the insurer with the expectation that the entity will vote with BZ Gruppe, any attempt to name or control the vote of a director, or any attempt to orchestrate a change in the ultimate stock ownership of the insurer.

The Disclaimer of Control of Federated American Insurance Company, National Merit Insurance Company, Unigard Insurance Company and Unigard Indemnity Company filed on October 24, 2000, by BZ Gruppe Holding Aktiengesellschaft is accepted based on the terms and representations contained in the Disclaimer of Control. The Disclaimer of Control being accepted is only as to the specific purchase identified in the Disclaimer of Control filed on October 24, 2000 and as to any additional shares acquired and owned by BZ Gruppe regardless of the manner in which the shares are acquired, up to thirteen percent (13%) provided that BZ Gruppe Holding Aktiengesellschaft, shall immediately notify the Commissioner of any change in the terms, conditions, representations, or circumstances set forth in the Disclaimer of Control.

The Commissioner reserves the right to disapprove the Disclaimer of Control upon presentation of any evidence that BZ Gruppe Holding Aktiengesellschaft, or any person or entity operating on its behalf, has attempted to exercise control, directly or indirectly, over the Credit Suisse Group, or the domestic Washington insurers.

For the violation of Chapter 48.31B RCW by failing to timely file, a fine of \$10,000 is hereby imposed on BZ Gruppe Holding Aktiengesellschaft. The fine is suspended for 5 years if BZ Gruppe Holding Aktiengesellschaft commits no further violations of Chapter 48.31B RCW. It shall not be considered a violation of Chapter 48.31B RCW by BZ Gruppe Holding Aktiengesellschaft if the actions which increase its holdings in the Credit Suisse Group above thirteen (13%) percent are the result of actions taken by others.

DATED this 18th day of February, 2002.

BZ Gruppe Holding Aktiengesellschaft

By: *[Signature]* *[Signature]*

RALPH STADLER

MARKUS MEIER

ENTERED AT OLYMPIA, WASHINGTON, this 18 day of February, 2002.

Mike Kreidler
Insurance Commissioner

By: *[Signature]*

JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division